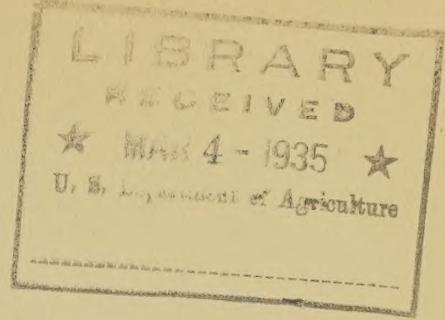


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U.S. Department of Agriculture
Washington, D.C.



AGRICULTURAL ADJUSTMENT

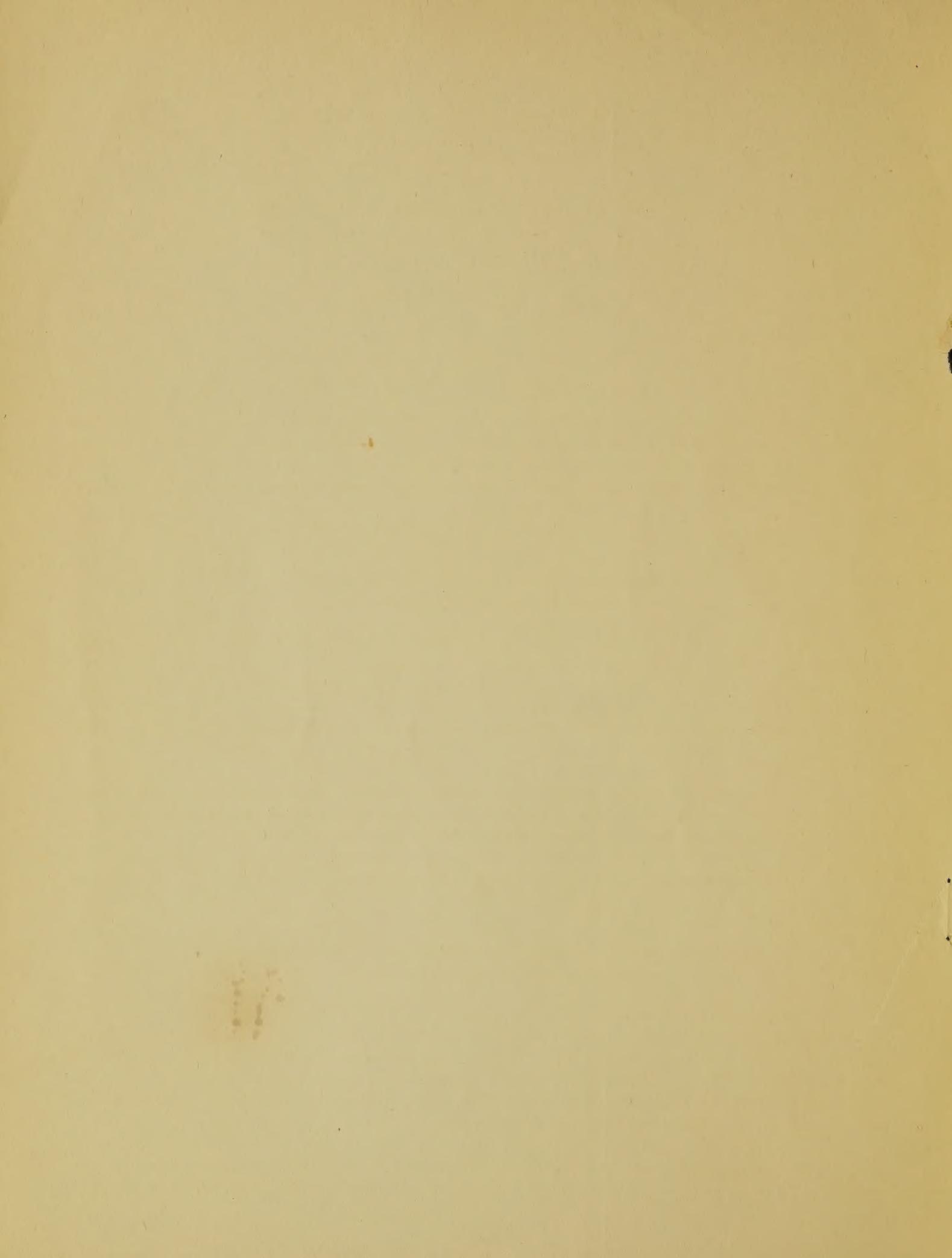
Part III -- What Next

a - Agricultural Adjustment as Part of a Long-time Program

b - The Interdependence of Town and Rural People

"Three paths....are open to America....we can go nationalistic and become highly self-sustaining....we can go internationalistic and try to win back our foreign trade....or we can take a course, perhaps half-way between....none of these courses is easy; none can be taken heedlessly or spasmodically....But which ever way we choose, it is to our National interest to conserve our basic resource--the soil."

Henry A. Wallace.



AGRICULTURAL ADJUSTMENT AS PART OF A LONG-TIME PROGRAM.

What, briefly, is meant by "Planning Agriculture"?

"'Planning' simply means trying to see where we want to go, and then trying to find the best means of getting there. Every one does this in his daily life. One marks a course on a highway map when driving somewhere instead of trusting to luck, or the hunches of back-seat drivers. Yet, in the most vital matters of public welfare, there are persons who would leave everything to chance."

H. R. Tolley, Director Division of Program Planning, AAA.

"Agricultural Planning in a Democracy", November 20, 1934.

"The main objective of agricultural 'planning' is to seek and maintain, through good years and bad, the best possible balance between production and effective demand for farm products, so as gradually to restore parity or exchange value to agriculture.This does not necessarily mean curtailing of production,--it might mean encouraging greatly increased production."

Chester C. Davis, Administrator, AAA, New York Times, June 3, 1934.

In what ways may an adjustment program be useful
beyond the emergency phase?

"When surpluses have been reduced and prices for farm products have risen, it usually happens that farmers plant more acreage in the succeeding year. This, provided weather is normal, brings greater yields and the danger of new surpluses, and low prices once more. Especially is this likely to be true after years of drought, such as we have experienced in 1933 and 1934, when supplies of many farm products have been drastically cut down and prices are high.

"A continued adjustment program can anticipate these expected changes, and prevent over-production and new surpluses. A continued adjustment program can aim at balancing production, both among the various commodity crops, and in relation to the needs of the consumers."

Information obtained from U. S. Department of Agriculture
Division of Information, AAA.

Will adjustment measures as part of a long-time
program be fixed or variable?

"There is no question that the measures necessary to achieve agricultural adjustment will vary widely from year to year. It is wholly within the range of possibility that the measures needed and taken in one year may be very different from the measures needed and taken in another year. In keeping an even balance between our products and our markets, between our farmers and our city populations, we shall undoubtedly need to put pressure first on one side of the scale and then on the other.

"The main purpose for which the Agricultural Adjustment Administration was instituted was to attain a balance of production with effective demand, and once having attained a

balance, the further aim of the Act was to maintain it, so as to avoid the cycles of high and low production which in the past have penalized farmers and consumers by devastating price swings. At first this meant to do away with surpluses of farm products which had been creating farm poverty in the midst of farm plenty ever since the war.

"It is conceivable that an extensive drought or other disaster might temporarily alter the situation so much that instead of restricting the production of commodities in a region, the maintenance of the agricultural balance might require, for a season, a regional expansion of cultivation. Restriction and expansion, although as specific methods they are exactly the opposite of each other, might contribute equally to fulfilling the aim of the Act."

"Achieving a Balanced Agriculture." pp. 25, 26.

U. S. Department of Agriculture Bulletin G-20

What part will our foreign trade policy play in developing
a program for the future of American agriculture?

"Our policy with regard to foreign trade will determine whether or not we regain markets abroad for our agricultural products, and this in turn will help determine our agricultural program at home.

"An increase in the amount of our agricultural products that may be sold abroad would make an agricultural program at home much easier. Large foreign demands act as a margin of safety in the production of agricultural commodities, since in years of low yields, enough of the supply can be kept for domestic needs and only that which is left over sold abroad, while in years of higher yields, the foreign demand can take up what would otherwise become a surplus."

Information obtained from U. S. Dept. of Agriculture,
Division of Information, AAA.

What, in Mr. Wallace's opinion, are the three courses
open to a balanced agriculture?

"Three paths in foreign trade are open to America. We can go nationalistic, and become highly self-sustaining; we can go internationalistic and try to win back our lost foreign trade; or we can take a course perhaps half-way between.

"The nationalistic course would lead us toward ultimate self-containment, but it would do so at a cost heavy in terms of economic sacrifice and perhaps extreme regimentation; a cost which, in agriculture alone, would mean the abandonment of about 40 million acres of good crop land. The internationalistic course, on the other hand, might not involve any acreage reduction, but it would obligate us to import annually at least 500 million dollars more of goods than we now import. Only in this way can foreign countries pay interest on their debts to us and at the same time make current purchases of goods and services on a pre-depression scale. Between these extremes there is a third alternative, a 'planned middle course.' This would involve the admission annually of perhaps 200 million dollars more of goods than we now import and at the same time permanent seeding-down or reforesting of some 25 million acres of good plow land, or perhaps 50 million acres of good land.

"None of these courses is easy, none can be taken heedlessly or spasmodically. Each involves some pain. The question is whether we are willing to suffer a little pain now in order to avoid an infinitely greater pain later on. Because the middle course involves perhaps the least discomfort, I have been inclined to favor that, and to recognize it as our probable choice.

"The big problem in American agriculture as well as in our entire economic life is to determine whether or not we are going to continue producing on the 50 million surplus acres formerly needed for exports. We must develop a national policy to which we can stick for 25 or 50 years.

"The pursuit of a planned middle course involves two steps: first, some reduction in the size of our agricultural plant as a whole; and, second, a reopening of foreign markets for our farm products."

Henry A. Wallace, "Reopening Foreign Markets for Farm Products"
U. S. Dept. Agriculture, Bulletin G-27

"But whichever we choose it is to the national interest to conserve our basic resource—the soil."

Henry A. Wallace, "Farm Practice and Agricultural Adjustment."
Broadcast March 8, 1934.

What other consideration than production adjustment must enter
into a long-time plan for American Agriculture?

"A long-time plan for American agriculture must take into consideration the best use of our lands, as well as the balancing of production year by year according to the prospects of demand. Much of our land now used for crop production is so poor as to provide the barest living, or none at all, for the farm families who try to use it. A study of land use in Tompkins County, New York, for instance, made by economists of Yale University showed that farms in the two lowest of five grades of land averaged minus 24 percent in returns on capital, as compared with 3.7 percent for farms in the highest grade.

"Moreover, our methods of farming which have evolved from the rapid expansion of frontier days, have often been such as to deplete our soil resources at an unusually fast rate. It is estimated by the Department of Agriculture experts that probably a quarter of the original soil values of half of the arable land of the nation has been lost during the brief period of American settlement. This loss has occurred in three principal ways: by removing crops without restoring the elements of fertility that went into the crops, by the solution and carrying away of mineral salts, and by erosion—that is, the physical removal of top soil, partly by wind, mostly by running water. The loss by erosion is estimated at \$400,000,000 annually.

"Added to these physical losses incurred by poor judgment in the choice of land and by the misuse of land are social losses, both in the morale of peoples on poor land, and in the aesthetic value of spoiled or wasted areas.

"Any program of agricultural adjustment which looks toward the future, therefore, should have in view the conservation of our soil resources, and the distribution of farming

enterprises among the lands best suited for producing the various types of crops."

Information obtained from the U. S. Dept. Agriculture,
Division of Information, AAA

What activities of the present agricultural program are moving in the direction of better utilization of our land resources?

"The Adjustment Program, by removing around 40 million acres from the cultivation of major crops on the millions of farms which have come under the program, has enabled the farmers to put these acres into pasture, hay, woodlots, or soil building crops. Thus the rate of depletion of the fertility of commercial farm lands has been checked, and the possibility of building up soil resources has been increased.

"A selective retirement of land that is actually too poor for farming should be part of a long-time agricultural program. There are both practical and social reasons for this line of approach. The elimination of such lands from commercial production would decrease the danger of surpluses to some extent; and it would prevent the wasting of human lives in a struggle with soil which cannot provide a decent living. Moreover, the withdrawal of farmers from isolated settlements would make for larger savings to local governments in the upkeep of roads, schools, fire-fighting facilities, and other public services. A study in Minnesota brought out the fact that by expending some four and one half million dollars for the purchase of about 5,000 scattered farms of poor land, a saving to local tax-payers of approximately three-quarters of a million dollars yearly might be effected.

"It should further be noted that much of this land which is poor for farming can be of public usefulness in other ways, such as recreation areas, wild-life refuges, parks and grazing lands. The government is now engaged in purchasing several million acres of submarginal farm land, which is being returned to the states or the public domain for purposes such as have just been mentioned. This is a move in the direction of treating our total land resources in the manner in which an intelligent farmer would treat the resources of his own farm lands.

"Meanwhile, further data are being gathered and coordinated, with respect to the location of poor farming land, bad spots of erosion, overgrazed land, and other distressed areas, as well as studies in measuring the amount of land that is likely to be needed for production and the best distribution of this land among the various production regions. Such information is needed in order to formulate a long-time policy in the utilization of our land resources. The report of the National Resources Board will be helpful in this direction."

Information obtained from U. S. Dept. Agriculture, Information Division, AAA.

What is the relation of rehabilitation of distressed rural families to the long-time program of land use?

"The purchase of millions of acres of land by the government in a program of retirement of poor farm land raises the question of what is to become of the families which have occupied that land. The people thus affected fall into different groups. First, there are

those who will be able to find work where they are, in the forest reserves, parks, or game refuges, which have become public areas. Second, there are families who, through savings and through the sum paid them for their land, will take care of themselves, moving to towns or to better lands where they can make a fresh start. Third, there are families who have preferred to stay where they are for the rest of their lives, having sold their land subject to this privilege. Fourth, there are those who need help or rural rehabilitation.

"Among this fourth group....some of the distress has been caused by the drought. In other cases, families have remained on poor land who normally would have moved to cities, but, because of low industrial activity, have no prospect of work there.

"As far as possible, the desirable approach to the problem of rural distress is rehabilitation rather than relief.....The Federal Emergency Relief Administration in co-operation with state agencies and with the AAA has devised a number of projects which look toward the rehabilitation of stranded farm families.Many of these projects are directed toward improving the soil and forest resources of our lands as well as improving the housing and living conditions of the farm people themselves."

Information obtained from U. S. Dept. Agriculture,
Division of Information, AAA.

State three major points of "Planning", and discuss some of the problems of the future.

"Long-time guides and goals fall naturally into three classes, necessarily inter-related. These are:

1. The considerations connected with supply; that is, land resources, production methods and adjustment, and all the factors which make up the national agricultural plant.
2. The considerations related to demand, which include domestic and foreign consumption in their present and future possibilities.
3. The considerations related to the people on the land, the standard of living, housing, modern improvements, community interests, education, local government, sanitation and health services, and all the physical and cultural circumstances of rural life."

H. R. Tolley, Assistant Administrator, AAA, "Agricultural Planning in a Democracy.", November 20, 1934.

What is the relation of marginal lands to balanced agricultural production?

"Permanent removal of submarginal lands from crop production will be a part of a long-time effort that must be made. The Planning Division is cooperating with the Department of the Interior and the Federal Surplus Relief Corporation in working out the details of this program. Twenty five million dollars already have been provided to finance a beginning.

"This means planning for better use and conservation of the nation's soil resources. Submarginal lands which now are poverty farms can gradually be removed from surplus production and be put into use as forests, parks, game refuges, and preserves. Water and timber resources of the soil can be conserved. Erosion, which has been destroying the fertility of our soil just as sure and completely as it has devastated the Yellow River Valley of China, can be checked.

"All these measures will contribute not only to the prosperity of agriculture and to alleviation of human distress, but also to the safety and welfare of the whole country. Good soil is the ultimate foundation upon which this welfare rests. The recent dust storms have been a dramatic reminder of the peril to our soil resources to which we have been brought by long years of shameful neglect.

"The ruthless policy toward agriculture which this country pursued forced the farmers into unsound crop practices, mining the soil to produce surpluses, and robbing it of precious fertility. The enlightened policy now being followed makes it possible for farmers to conserve soil resources by keeping lands out of useless cultivation of surplus crops, and by planting soil-building and erosion-preventing cover."

Chester C. Davis, Administrator, AAA, New York Times, June 3, 1934.

Some of the problems:

"Even though every hungry person in the United States were well-fed, there still remains a surplus due to the loss of our overseas markets."

Division of Information, AAA, No. 4, June 23, 1934.

"...With 360,000,000 acres of land normally available for harvest, and only 305 to 310 million acres needed for domestic use, there is an excess of 50 to 55 million acres. The problem is, what to do with this acreage."

H. R. Tolley, Assistant Administrator, AAA.

"In general, agriculture still faces a greatly reduced export outlet, a low level of domestic demand, stocks in excess of normal, and a capacity for production greatly in excess of probable requirements."

"The desired balance between crops and available markets has not yet been achieved. While the buying power of domestic consumers has increased over what it was a year ago, the number of unemployed is still large and the activity of many of our so-called heavy industries remains greatly curtailed. Furthermore, the trend of exports of farm products continues downward. ...Much will depend on whether other countries continue to insist on keeping their imports at a minimum and on being as nearly self-sufficient as possible.

"The labor supply on farms continues far in excess of demand. This is because of the shift of population from cities to farms, and to the cessation of the normal exodus of young people from farms to industry during the last four years. In recent years about half the normal increase of population of most rural States--the increase of births over deaths--has been going to industrial States. But during the period of reduced industrial activity, those who normally would have left the farm have been forced to remain."

H.R.Tolley, Director Division Program Planning, AAA, "The Next Step in the Emergency Agricultural Program," June 11, 1934.

Topic for Discussion:

Land Use and Human Welfare

The Use of Marginal and Sub-Marginal Lands.

Will our civilization continue to operate so as to draw surplus farm population to the city industries, or are we to have a great class of competent families either unemployed or employed only part time?

Are there now many families in the cities who would be much better off if they could live in rural village communities where they could raise a part of their living and supplement this with some wage income from industrial employment?

Discuss advantages and disadvantages of a "Planned Agriculture."

"Three paths....are open to America." Henry A. Wallace

Discuss each.

Which path, in your opinion, should America choose?

Discuss: Land Use and Human Welfare.

INTERDEPENDENCE OF TOWN AND RURAL PEOPLE.

In what ways are people in towns and people in the country more interdependent than ever before?

People in towns have always been dependent on people in the country for food and for the raw materials which are used in making shoes, clothing and other manufactured products. People in the country have likewise been dependent on people in the cities for tools, manufactured goods, and so on.

But with every step of progress in transportation, in communication and particularly in the specialization of economic activities which has been taking place in modern life, this interdependence has been tremendously increased.

The mere fact that the heightened industrial activity of the last century has steadily increased the proportion of people living in the cities has meant that more people are more dependent than before on the interrelation of activities between food-producing and manufacturing groups. In the middle of the nineteenth century, for instance, almost 65 percent of the people in the United States were living on farms. With less specialization of activities, this large majority of the country's population were to a considerable extent self-

sustaining, producing almost all their own food, some of their clothing, and using relatively simple tools and machinery in farm work. A simpler standard of living had created fewer desires to be satisfied by a large exchange of goods and services. Likewise, the 35 percent of the people living in the cities were content with simple diets, expected few, or no fresh vegetables in winter, and existed within a fairly simple interrelationship with producing groups in the country. Moreover, many of the people in towns and the outskirts of cities cultivated gardens and even kept a cow or a pig for the provision of their own larders.

With increased specialization, this self-sustaining quality of life diminished. The rapidly expanding activities of industry drew more and more of the people from the farms and from small towns into the cities, and the mechanization of farming methods, which resulted in greater production with less human labor, made it possible for them to leave. Cities began to produce a wealth of new products which took their place in the satisfaction of human desires, and the farming regions developed the technique specialized, commercial farming by which all the food and other raw materials needed by the large proportion of city consumers could be supplied.

As this specialization went on, the proportion of people on farms in the United States steadily diminished, until in recent years, it has represented only 25 percent of the total population. But the service of supplying food and other raw materials intrusted to this 25 percent is more important than ever before, since the great majority of people have entirely given up means of supplying themselves with these necessities of life.

At the same time, the trend of migration itself has involved a very considerable contribution of the farming people to the productivity and prosperity of the cities, suburbs and villages. Through the decade of 1920 to 1930 it is estimated that the net migration city-ward amounted to about 6 million people--most of them young people. This migration stimulated urban building construction and tended to increase land values, thereby adding to city wealth. Moreover, the early education of these young people was accomplished and paid for in the country. It is estimated that the cost of such education, for young people migrating to the cities during the 1920's, represented an outlay of perhaps 14 billion dollars on the part of country families. This expenditure was a direct contribution to the cities in terms of human material prepared to further the activities of industrial and business life.

Likewise, farmers have become more and more dependent on the activities of industrial groups in the cities. They have adapted their methods of production to the use of machinery in order to produce in sufficient quantity; this machinery they buy from industry.

Capitalization, fixed charges and taxes are higher than previously, and the carrying of these requires cash which must come from sales to the large mass of city consumers. Farmers no longer make on the farm as many of the products for home use as they formerly did, but have been taught to buy them ready-made, from specialized groups in the cities. This requires cash. Moreover, the participation of farmers in the comforts and advantages of modern life, in electrification, ownership of motor cars, radios, etc., has been possible only insofar as the sale of their products to consumers has given them money to make such investments.

All these considerations have made urban and farm groups realize as never before that the economic pattern of modern life, while apparently separating various groups into specialized fields of activities, has really made each group more than ever dependent on other groups, since no one of them by its own activities can supply all the needs of existence. Only by interchange of goods and services between the groups may a satisfactory standard of living for each of them be attained. And this interchange is possible only if

the income and purchasing power of each group is maintained at sufficiently high level.

In other ways, farm and city groups have become more and more closely knit in recent years. Hard-surface roads have brought the town, with its interests and advantages, within easy striking distance of the farm. Metropolitan newspapers have penetrated farther and farther into rural sections. Farm people and city people listen to the same programs on the radio. The isolation that once obtained in cultural matters has been changed to a community of interest.

There is little question that this sense of a community of interest has greatly increased during the depression, and during the present period when groups of all kinds have joined with the Government in trying to solve their common economic problems.

Significance of Farm to City Movement.

"....For nearly a century after the declaration of national independence the free land of the West afforded most of the rural youth opportunity to establish homes and accumulate wealth; but after the Civil War the rapid industrial development resulted in more and more youth migrating from the farms to the cities. This migration was very heavy during the World War, and was resumed in great magnitude after the depression of 1921. During the decade 1920-29 it is estimated that over 19,000,000 people left the farms for the cities and over 13,000,000 returned, leaving a net migration of about 6,000,000. About 60 percent of this migration went from the South....

"These migrants from the farms to the cities and villages were mostly young people. About a third were under 15 years of age, more than a third were 15 to 25 years of age, and nearly a tenth were 25 to 35 years old.

"The cities obtained these migrants near the beginning of their productive life almost free of cost, so to speak, and most of these people have not as yet lived long enough to be a burden in old age. Adding the immigrants from foreign lands to the migrants from the farms, it appears that the cities had to feed, clothe, educate and provide with medical service only a little over 40 percent of the young people who started to work in their industries, stores and offices during the decade 1920-30.

"The migration from the farms stimulated building construction and tended to increase land values in the cities, thereby adding to the wealth of the city people.

"As compared with rural areas, there has been in the cities a larger number of productive young and middle-aged people, with fewer children and unproductive old people to support. But should migration from the farms, and immigration from abroad cease for a decade or two the cities would have fewer young people than the rural regions and a relatively large number of old people.

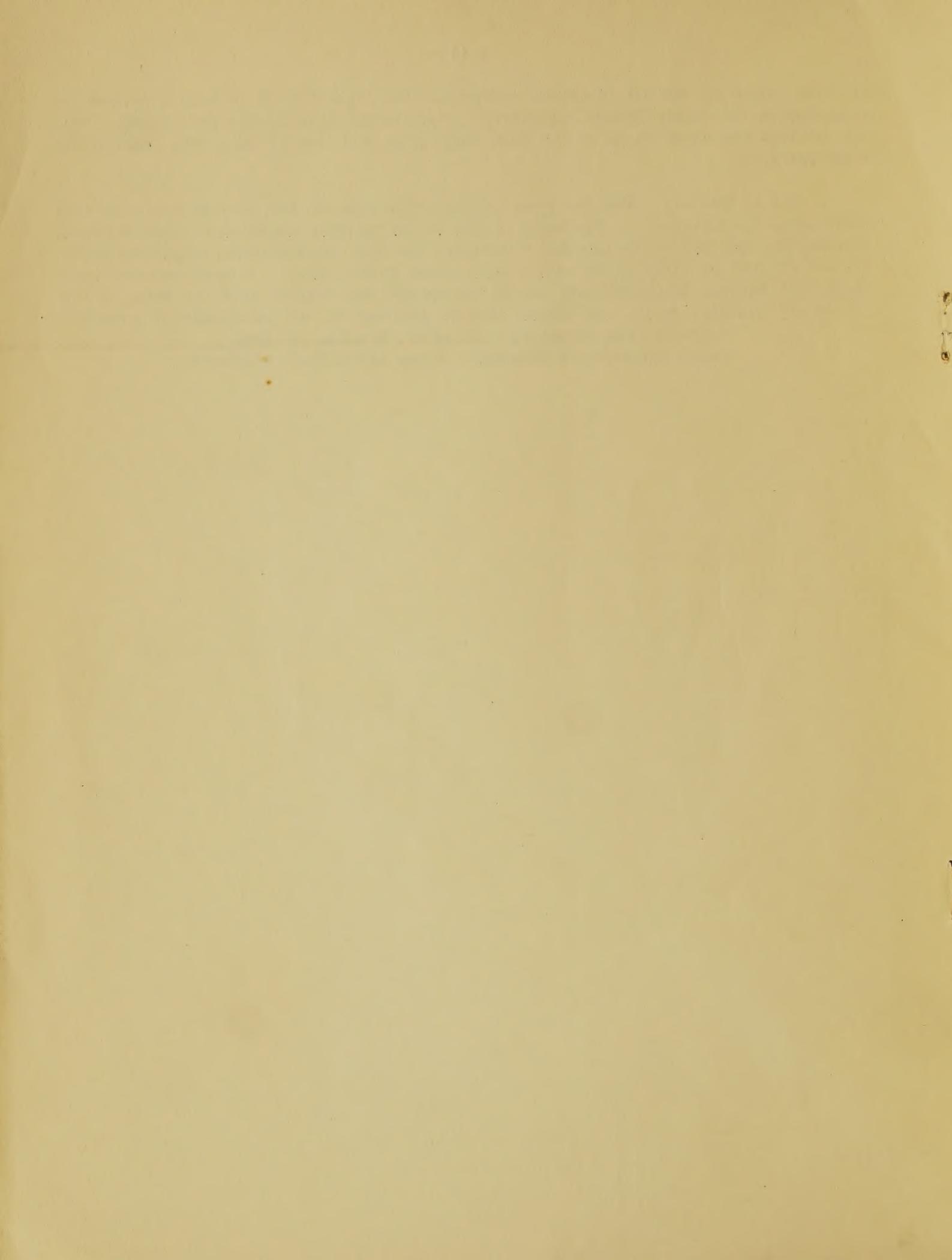
The cost of the contribution which the farming people have made to the productivity and prosperity of the cities, suburbs and villages is greater than is commonly recognized. If it costs \$2,000 to \$2,500 (at pre-depression prices) to rear and educate the average child on an American farm to the age of 15, when he may be assumed to be self-supporting,--and \$150 a year does not seem an excessive estimate of the cost of food, clothing, medical

services, education and all incidental expenses,--then the 6,300,000 net migration from the farms during the decade 1920-30 represents a contribution of about \$14,000,000,000. This contribution was almost equal to the wheat crop, plus half that of the cotton crops during these years.

"Nor is this all. When the farmer and his wife grow old and die, the estate is divided among the children.One third or more of the children had moved to town, and those children who remained on the farm had to mortgage the farm, in many cases, to pay the brothers and sisters who lived in the cities their share of the estate. A rough estimate indicates that between \$3,000,000,000 and \$4,000,000,000 was drained from the farms to the cities and villages during the decade 1920-30 incident to the settlement of estates."

Extracts from address of O. E. Baker, November 17, 1934.

Senior Agricultural Economist, Bureau Agricultural Economics.



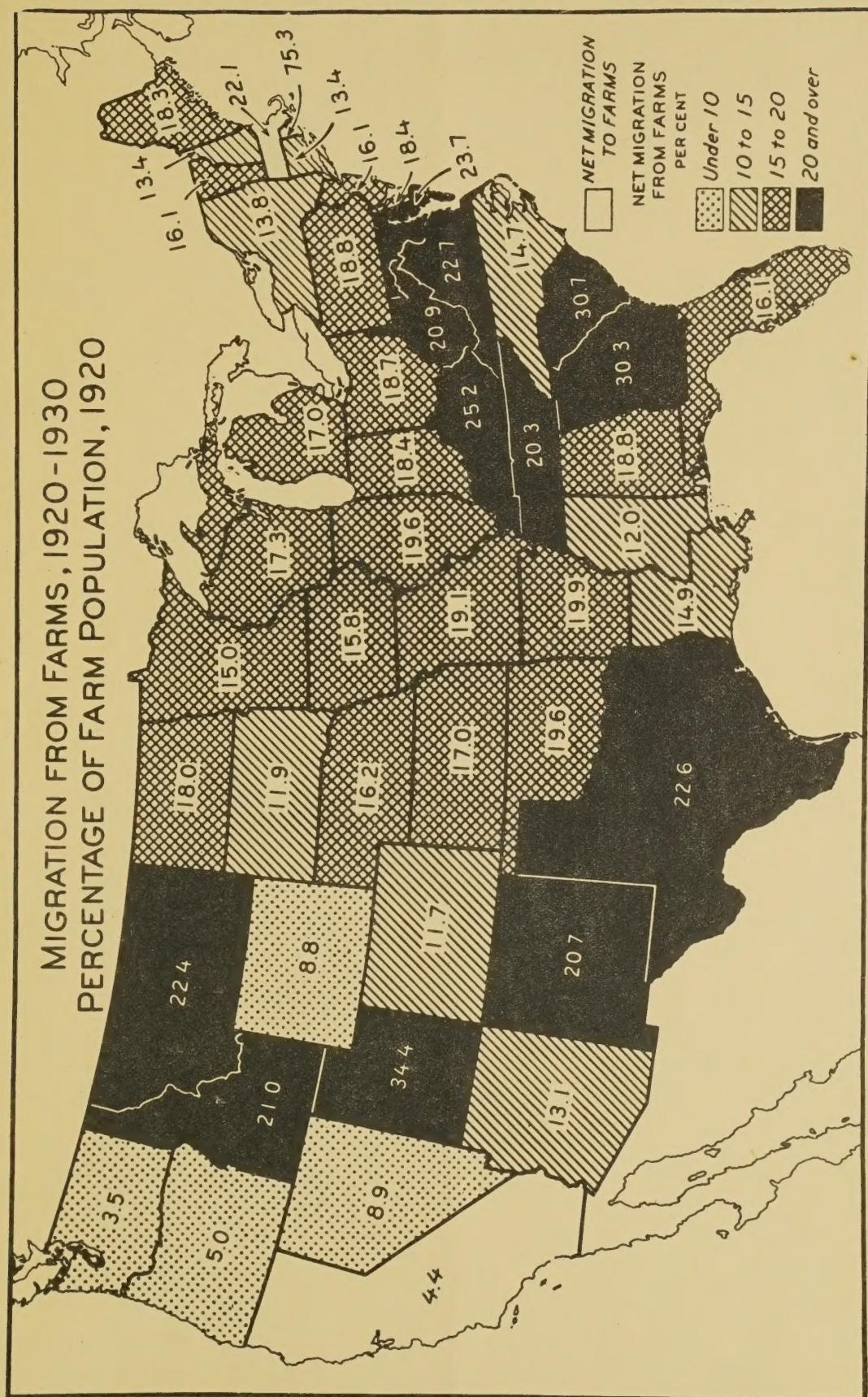


Figure 4. - Relative to the farm population in 1920, migration from the farms was, likewise, heavy in much of the South, rising to 30 percent in Georgia and South Carolina. It was even higher in Utah. In the border States of the Old South, it varied from 20 to 25 percent, while in Arkansas and Oklahoma it was almost 20 percent. In the North the range was from 12 percent in South Dakota to nearly 20 percent in Missouri and Illinois, except that in Massachusetts and Rhode Island there was a net migration to farms. In the far West the ratio of migration to population varied primarily with the religious influence and the birthrate. In Oregon and Washington, where the birthrate is very low, the ratio was only 5 and 3.5 percent, respectively, and in California, there was a net migration to farms.

